

The company is called ABC Co. All of the company's accounting work has been completed through the end of November and its ledgers show November 30, 2001 balances. The terms of all credit sales are 2/10, n/30. During the final month of the year you record the following transactions:

- Dec 1 Issued cheque 501 to Property Management in payment of the Dec rent, \$3,700. Use two lines to record this transaction. Charge 80% of the rent to Rent Expense – Selling Space and the rest to Rent Expense – Office Space.
- Dec 2 Sold merchandise on credit to Ender Co. on invoice 7601 for \$6,000. Cost \$3,000.
- Dec 4 Purchased on credit from Tacid Co. inventory \$38,000, store supplies \$500, and office supplies \$80. Invoice T64, terms n/10, EOM.
- Dec 5 Received full payment from Noric Co. (less the 2% discount). Receipt 220.
- Dec 8 Issued cheque 502 to Panda Co. in full payment of account (less the 2% discount)
- Dec 9 Sold store supplies to the merchant next door at cost for cash, \$300.
- Dec 10 Purchase office equipment on credit from Tacid Co, invoice T73, terms n/10, EOM, \$4,000.
- Dec 11 Received full payment from Ender Co. (less the 2% discount). Receipt 221
- Dec 11 Received inventory and an invoice G93, terms 2/10, n/30, from Gander Co., \$9,000
- Dec 15 Issued cheque 503, payable to Payroll, in payment of sales salaries for \$5,000 and office salaries for \$3,000.
- Dec 15 Cash sales for the first half of the month were \$60,000 with cost of \$30,000.
- Dec 16 Sold merchandise on credit to Ender Co. on invoice 7602 for \$4,000. Cost \$2,000.
- Dec 17 Received inventory and an invoice C926, terms 2/10, n/60 from Central Co., \$14,000.
- Dec 19 Issued cheque 504 to Gander Co. in full payment of account (less the 2% discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 7603 for \$7,000. Cost \$3,500.

- Dec 23 Issued cheque 505 to Central Co. in full payment of account (less the 2% discount).
- Dec 24 Purchased on credit from Tacid Co. inventory \$8,000, store supplies \$600 and office supplies \$300. Invoice T126, terms n/10, EOM.
- Dec 25 Received inventory and an invoice P984, terms 2/10, n/30 from Panda Co. for \$3,000.
- Dec 26 Sold merchandise on credit to Dale Co. on invoice 7604 for \$14,000. Cost \$7,000.
- Dec 26 Issued cheque 506 to Hydro Co. in payment of the November electric bill, \$1,200.
- Dec 29 The owner, Tom Smith, withdrew \$8,000 from the business for personal use. Cheque 507.
- Dec 30 Received full payment from Oyster Co (less the 2% discount). Receipt 222
- Dec 30 Issued cheque 508, payable to Payroll, in payment of sales salaries for \$5,000 and office salaries for \$3,000.
- Dec 31 Cash sales for the last half of the month were \$66,000 with cost of \$33,000

Required:

1. Staple your working papers together as follows:

Instructions (pages 1 to 3)

Journals (pages 4 to 7)

Subledger cards (pages 8 and 9)

General Ledger cards (pages 10 to 13)

Trial Balance Before Adjustments (page 14)

Financial Statements (pages 15 and 16)

Post-Closing Trial Balance and Schedules (page 17)

2. Complete the attached Sales Journal, Purchase Journal, Cash Receipts Journal and Cash Disbursements Journal, posting to the Subledgers (if applicable) when entered on the journals. (**NOTE: Record entries in order by date**)
3. Foot and cross-foot the appropriate journals.
4. Compare your journals to the answer sheets.

5. Post the journals to the General Ledger cards.
6. From the General Ledger cards, prepare a Trial Balance Before Adjustments (if total Debits do not equal total Credits, compare to the answer sheet and make any corrections to Journals, General Ledger cards or Trial Balance
7. Record the following 6 year end adjustments in the General Journal
 - a) Expired insurance, \$500.
 - b) Ending store supplies (asset), \$2,600.
 - c) Ending office supplies (asset), \$500.
 - d) Estimated amortization of store equipment, \$560.
 - e) Estimated amortization of office equipment, \$330.
 - f) Ending inventory, \$210,000 (offset to Cost of Sales)
8. Post the Year End Adjustments to the General Ledger cards
9. From the General Ledger cards, prepare an Income Statement, Statement of Change in Owner Equity and Balance Sheet. (Assume that there were no new Owner Investments during the year.)
10. From the General Ledger cards, journalize the year-end closing entries.
11. Post the closing entries to the General Ledger cards
12. From the General Ledger cards, prepare a Post-Closing Trial Balance and an Accounts Receivable Schedule and an Accounts Payable Schedule.

SALES JOURNAL – Page 1

Date	Who or What Other Account Name	Invoice #	P.R.	A/R - DR Sales - CR	Cost of Sales – DR Inventory - CR
				-----	-----
				=====	=====

PURCHASES JOURNAL – Page 2

Date	Who or What Other Account	Invoice #	Terms	P.R.	A/P - CR	Inventory - DR	Office Supplies - DR	Other Accounts – DR	Description
					-----	-----	-----	-----	
					=====	=====	=====	=====	

RECEIVABLE LEDGER

Ender Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000

Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

PAYABLE LEDGER

Central Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000

Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

GENERAL LEDGER

CASH

1010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				50,000

ACCOUNTS RECEIVABLE

1060

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				4,000

INVENTORY

1190

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				220,000

STORE SUPPLIES

1240

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				2,500

OFFICE SUPPLIES

1250

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				450

PREPAID INSURANCE

1280

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				3,000

STORE EQUIPMENT

1630

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				39,000

ACCUMULATED AMORTIZATION – STORE EQUIPMENT 1631

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				18,000

OFFICE EQUIPMENT 1650

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				23,000

ACCUMULATED AMORTIZATION – OFFICE EQUIPMENT 1651

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900

ACCOUNTS PAYABLE 2010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				7,000

TOM SMITH - CAPITAL 3020

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050

TOM SMITH - WITHDRAWALS 3030

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES 4130

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES DISCOUNTS 4150

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

COST OF SALES

5020

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

AMORTIZATION EXPENSE – STORE EQUIPMENT

5120

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

AMORTIZATION EXPENSE – OFFICE EQUIPMENT

5130

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES SALARIES EXPENSE

5200

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

OFFICE SALARIES EXPENSE

5210

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

INSURANCE EXPENSE

5370

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

RENT EXPENSE – SELLING SPACE

5410

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

RENT EXPENSE – OFFICE SPACE

5420

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

STORE SUPPLIES EXPENSE

5500

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

OFFICE SUPPLIES EXPENSE

5510

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

UTILITIES EXPENSE

5900

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

ABC Co.
Income Statement
For Year Ended December 31, 2001

Gross Sales			
Less: Sales Discounts			

Net Sales			
Cost of Sales			

Gross Profit			
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment			
Sales Salaries			
Rent – Selling Space			
Store Supplies			

Total Selling Expenses			
General & Administrative Expenses:			
Amortization – Office Equipment			
Office Salaries			
Insurance			
Rent – Office Space			
Office Supplies			
Utilities			

Total General & Administrative Expenses			

Total Operating Expenses			

Income from Operations			
			=====

ABC Co.
Statement of Change in Owner’s Equity
For Year Ended December 31, 2001

Tom Smith Capital – Dec 1, 2001	
Plus: Net Income	

Less: Tom Smith Withdrawals	

Tom Smith Capital – Dec 31, 2001	=====

ABC Co.
Balance Sheet
December 31, 2001

ASSETS:			
Current Assets:			
Cash			
Accounts Receivable			
Inventory			
Store Supplies			
Office Supplies			
Prepaid Insurance			

Total Current Assets			
Capital Assets:			
Store Equipment			
Less: Accumulated Amortization			

Office Equipment			
Less: Accumulated Amortization			
	-----	-----	
Total Capital Assets			

TOTAL ASSETS			=====
LIABILITIES:			
Accounts Payable			
EQUITY:			
Tom Smith Capital – Dec 31, 2001			

TOTAL LIABILITIES & OWNER’S EQUITY			=====

ANSWERS:

YEAR END ADJUSTMENTS		GENERAL JOURNAL (G5)		
ADJ#	ACCOUNT	PR	DEBIT	CREDIT
a)	Insurance Expense	5370	500	
	Prepaid Insurance	1280		500
	Explain: Record expired insurance			
b)	Store Supplies Expense	5500	700	
	Store Supplies	1240		700
	Explain: Record used supplies			
c)	Office Supplies Expense	5510	330	
	Office Supplies	1250		330
	Explain: Record used supplies			
d)	Amortization – Store Equipment	5120	560	
	Acc. Amort. – Store Equipment	1631		560
	Explain: Record amortization			
e)	Amortization – Office Equipment	5130	330	
	Acc. Amort. – Office Equipment	1651		330
	Explain: Record amortization			
f)	Cost of Sales	5020	2,900	
	Inventory	1190		2,900
	Explain: Adjust inventory to actual			

CLOSING ENTRY

GENERAL JOURNAL (G6)

DATE	ACCOUNT	PR	DEBIT	CREDIT
Dec 31	Tom Smith, Withdrawals	3030		8,000
	Sales	4130	157,000	
	Sales Discounts	4150		340
	Cost of Sales	5020		81,400
	Amortization – Store Equipment	5120		560
	Amortization – Office Equipment	5130		330
	Sales Salaries	5200		10,000
	Office Salaries	5210		6,000
	Insurance	5370		500
	Rent – Selling Space	5410		2,960
	Rent – Office Space	5420		740
	Store Supplies	5500		700
	Office Supplies	5510		330
	Utilities	5900		1,200
	Tom Smith, Capital	3020		43,940
	Explain: Close Withdrawals, Revenues and Expenses to Capital			

SALES JOURNAL – Page 1

Date	Account Debited	Invoice #	P.R.	A/R - DR Sales - CR	Cost of Sales – DR Inventory - CR
Dec 2	Ender Co.	7601	√	6,000	3,000
Dec 16	Ender Co.	7602	√	4,000	2,000
Dec 22	Oyster Co.	7603	√	7,000	3,500
Dec 26	Dale Co.	7604	√	14,000	7,000
				-----	-----
				31,000	15,500
				=====	=====
				(1060 / 4130)	(5020 / 1190)

PURCHASES JOURNAL – Page 2

Date	Account Credited	Invoice #	Terms	P.R.	A/P - CR	Inventory - DR	Office Supplies - DR	Other Accounts – DR	Description
Dec 4	Tacid Co.	T64	N/10,EOM	√/1240	38,580	38,000	80	500	Store supp.
Dec 10	Tacid Co.	T73	N/10,EOM	√/1650	4,000			4,000	Office Equip
Dec 11	Gander Co.	G93	2/10,n/30	√	9,000	9,000			
Dec 17	Central Co.	C926	2/10,n/60	√	14,000	14,000			
Dec 24	Tacid Co.	T126	N/10,EOM	√/1240	8,900	8,000	300	600	Store supp.
Dec 25	Panda Co.	P984	2/10,n/30	√	3,000	3,000			
					-----	-----	-----	-----	
					77,480	72,000	380	5,100	
					=====	=====	=====	=====	
					(2010)	(1190)	(1250)	(√)	

CASH RECEIPTS JOURNAL – Page 3

Date	Account Credited	Explanation	P.R.	Cash DR	Sales Discount DR	A/R CR	Sales CR	Other Accts. CR	Cost of Sales – DR Inventory - CR
Dec 5	Noric Co.	R220	√	3,920	80	4,000			
Dec 9	Store Supplies	Neighbour	1240	300				300	
Dec 11	Ender Co.	R221	√	5,880	120	6,000			
Dec 15	Sales	Cash Sales		60,000			60,000		30,000
Dec 30	Oyster Co.	R222	√	6,860	140	7,000			
Dec 31	Sales	Cash Sales		66,000			66,000		33,000
				-----	-----	-----	-----	-----	-----
				142,960	340	17,000	126,000	300	63,000
				=====	=====	=====	=====	=====	=====
				(1010)	(4150)	(1060)	(4130)	(√)	(1190/5020)

CASH DISBURSEMENTS JOURNAL – Page 4

Date	Chq #	Payee	Other Account Debited	P.R.	Cash CR	Inventory CR	Other Accts. DR	A/P DR
Dec 1	501	Property Management	Rent-Selling	5410	3,700		2,960	
			Rent-Office	5420			740	
Dec 8	502	Panda Co.		√	6,860	140		7,000
Dec 15	503	Payroll	Sales Salaries	5200	8,000		5,000	
			Office Salaries	5210			3,000	
Dec 19	504	Gander Co.		√	8,820	180		9,000
Dec 23	505	Central Co.		√	13,720	280		14,000
Dec 26	506	Hydro Co.	Utilities	5900	1,200		1,200	
Dec 29	507	Tom Smith	Withdrawals	3030	8,000		8,000	
Dec 30	508	Payroll	Sales Salaries	5200	8,000		5,000	
			Office Salaries	5210			3,000	
					-----	-----	-----	-----
					58,300	600	28,900	30,000
					=====	=====	=====	=====
					(1010)	(1190)	(√)	(2010)

RECEIVABLE LEDGER

Ender Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 2	Invoice 7601	S1	6,000		6,000
Dec 11	Receipt 221	R3		6,000	0
Dec 16	Invoice 7602	S1	4,000		4,000

Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000
Dec 5	Receipt 220	R3		4,000	0

Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 22	Invoice 7603	S1	7,000		7,000
Dec 30	Receipt 222	R3		7,000	0

Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 26	Invoice 7604	S1	14,000		14,000

PAYABLE LEDGER**Central Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 17	Invoice C926	P2		14,000	14,000
Dec 23	Cheque 505	D4	14,000		0

Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 11	Invoice G93	P2		9,000	9,000
Dec 19	Cheque 504	D4	9,000		0

Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000
Dec 8	Cheque 502	D4	7,000		0
Dec 25	Invoice P984	P2		3,000	3,000

Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 4	Invoice T64	P2		38,580	38,580
Dec 10	Invoice T73	P2		4,000	42,580
Dec 24	Invoice T126	P2		8,900	51,480

GENERAL LEDGER

CASH

1010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				50,000
Dec 31		R3	142,960		192,960
Dec 31		D4		58,300	134,660

ACCOUNTS RECEIVABLE

1060

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				4,000
Dec 31		S1	31,000		35,000
Dec 31		R3		17,000	18,000

INVENTORY

1190

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				220,000
Dec 31		S1		15,500	204,500
Dec 31		P2	72,000		276,500
Dec 31		R3		63,000	213,500
Dec 31		D4		600	212,900
Dec 31		G5		2,900	210,000

STORE SUPPLIES

1240

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				2,500
Dec 31		P2	500		3,000
Dec 31		P2	600		3,600
Dec 31		R3		300	3,300
Dec 31		G5		700	2,600

OFFICE SUPPLIES

1250

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				450
Dec 31		P2	380		830
Dec 31		G5		330	500

PREPAID INSURANCE

1280

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				3,000
Dec 31		G5		500	2,500

STORE EQUIPMENT

1630

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				39,000

ACCUMULATED AMORTIZATION – STORE EQUIPMENT 1631

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				18,000
Dec 31		G5		560	18,560

OFFICE EQUIPMENT 1650

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				23,000
Dec 31		P2	4,000		27,000

ACCUMULATED AMORTIZATION – OFFICE EQUIPMENT 1651

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900
Dec 31		G5		330	10,230

ACCOUNTS PAYABLE 2010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				7,000
Dec 31		P2		77,480	84,480
Dec 31		D4	30,000		54,480

TOM SMITH - CAPITAL 3020

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050
Dec 31		G6		43,940	350,990

TOM SMITH - WITHDRAWALS 3030

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	8,000		8,000
Dec 31		G6		8,000	0

SALES 4130

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1		31,000	31,000
Dec 31		R3		126,000	157,000
Dec 31		G6	157,000		0

SALES DISCOUNTS 4150

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		R3	340		340
Dec 31		G6		340	0

COST OF SALES

5020

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1	15,500		15,500
Dec 31		R3	63,000		78,500
Dec 31		G5	2,900		81,400
Dec 31		G6		81,400	0

AMORTIZATION EXPENSE – STORE EQUIPMENT

5120

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	560		560
Dec 31		G6		560	0

AMORTIZATION EXPENSE – OFFICE EQUIPMENT

5130

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	330		330
Dec 31		G6		330	0

SALES SALARIES EXPENSE

5200

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	5,000		5,000
Dec 31		D4	5,000		10,000
Dec 31		G6		10,000	0

OFFICE SALARIES EXPENSE

5210

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	3,000		3,000
Dec 31		D4	3,000		6,000
Dec 31		G6		6,000	0

INSURANCE EXPENSE

5370

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	500		500
Dec 31		G6		500	0

RENT EXPENSE – SELLING SPACE

5410

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	2,960		2,960
Dec 31		G6		2,960	0

RENT EXPENSE – OFFICE SPACE

5420

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	740		740
Dec 31		G6		740	0

STORE SUPPLIES EXPENSE

5500

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	700		700
Dec 31		G6		700	0

OFFICE SUPPLIES EXPENSE

5510

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	330		330
Dec 31		G6		330	0

UTILITIES EXPENSE

5900

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	1,200		1,200
Dec 31		G6		1,200	0

ABC Co.
Trial Balance Before Adjustments
For Year Ended December 31, 2001

ACCT #	ACCOUNT NAME	DEBIT	CREDIT
1010	Cash	134,660	
1060	Accounts Receivable	18,000	
1190	Inventory	212,900	
1240	Store Supplies	3,300	
1250	Office Supplies	830	
1280	Prepaid Insurance	3,000	
1630	Store Equipment	39,000	
1631	Accumulated Amortization-Store Equipment		18,000
1650	Office Equipment	27,000	
1651	Accumulated Amortization-Office Equipment		9,900
2010	Accounts Payable		54,480
3020	Tom Smith – Capital		307,050
3030	Tom Smith – Withdrawals	8,000	
4130	Sales		157,000
4150	Sales Discounts	340	
5020	Cost of Sales	78,500	
5200	Sales Salaries Expense	10,000	
5210	Office Salaries Expense	6,000	
5410	Rent Expense – Selling Space	2,960	
5420	Rent Expense – Office Space	740	
5900	Utilities Expense	1,200	
		-----	-----
		546,430	546,430
		=====	=====

ABC Co.
Income Statement
For Year Ended December 31, 2001

Gross Sales			157,000
Less: Sales Discounts			340

Net Sales			156,660
Cost of Sales			81,400

Gross Profit			75,260
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	560		
Sales Salaries	10,000		
Rent – Selling Space	2,960		
Store Supplies	700		

Total Selling Expenses		14,220	
General & Administrative Expenses:			
Amortization – Office Equipment	330		
Office Salaries	6,000		
Insurance	500		
Rent – Office Space	740		
Office Supplies	330		
Utilities	1,200		

Total General & Administrative Expenses		9,100	

Total Operating Expenses			23,320

Income from Operations			51,940
			=====

ABC Co.
Statement of Change in Owner's Equity
For Year Ended December 31, 2001

Tom Smith Capital – Dec 1, 2001	307,050
Plus: Net Income	51,940

	358,990
Less: Tom Smith Withdrawals	8,000

Tom Smith Capital – Dec 31, 2001	350,990
	=====

ABC Co.
Balance Sheet
December 31, 2001

ASSETS:			
Current Assets:			
Cash		134,660	
Accounts Receivable		18,000	
Inventory		210,000	
Store Supplies		2,600	
Office Supplies		500	
Prepaid Insurance		2,500	

Total Current Assets			368,260
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,560	20,440	

Office Equipment	27,000		
Less: Accumulated Amortization	10,230	16,770	
	-----	-----	
Total Capital Assets			37,210

TOTAL ASSETS			405,470
			=====
LIABILITIES:			
Accounts Payable			54,480
EQUITY:			
Tom Smith Capital – Dec 31, 2001			350,990

TOTAL LIABILITIES & OWNER'S EQUITY			405,470
			=====

ABC Co.
Post-Closing Trial Balance
Dec 31, 2001

ACCT#	ACCOUNT NAME	DEBIT	CREDIT
1010	Cash	134,660	
1060	Accounts Receivable	18,000	
1190	Inventory	210,000	
1240	Store Supplies	2,600	
1250	Office Supplies	500	
1280	Prepaid Insurance	2,500	
1630	Store Equipment	39,000	
1631	Accumulated Amortization – Store Equipment		18,560
1650	Office Equipment	27,000	
1651	Accumulated Amortization – Office Equipment		10,230
2010	Accounts Payable		54,480
3020	Tom Smith, Capital		350,990
		-----	-----
		434,260	434,260
		=====	=====

ACCOUNTS RECEIVABLE SCHEDULE

CUSTOMER NAME	AMOUNT OWING
Ender Co.	4,000
Dale Co.	14,000

Total	18,000
Less: Balance per Post Closing Trial Balance	18,000

Difference	0
	=====

ACCOUNTS PAYABLE SCHEDULE

SUPPLIER NAME	AMOUNT OWING
Panda Co.	3,000
Tacid Co.	51,480

Total	54,480
Less: Balance per Post Closing Trial Balance	54,480

Difference	0
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